

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01
AGRE-00 DHA-02 ITC-01 /080 W
-----031225 001068 /11

R 031012Z MAR 77

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9780

INFO AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

AMCONSUL HONG KONG

AMCONSUL NAHA

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E.O. 11652: NA

TAGS: BEXP, TH

SUBJ: APCAC COUNCIL MEETING, BANGKOK, FEB 26-28

1. SUMMARY. APCAC MEETING FOCUSED PRIMARILY ON STRATEGY
AND TACTICS OF RESTORING TAX BENEFITS LOST UNDER SECTION 911 OF
1976 TAX REFORM ACT. CURTAILMENT WAS PERCEIVED
AS SYMPTOM OF INSUFFICIENT APPRECIATION IN WASHINGTON
OF AMERICAN OVERSEAS BUSINESS' CONTRIBUTION TO AMERICAN
ECONOMY AND APCAC RESOLVED TO LOBBY HARD ON TAX QUESTION,
ON MORE GENERAL ROLE OF OVERSEAS BUSINESS AND ON BETTER
REPRESENTATION OF THEIR INTERESTS. OTHER RESOLUTIONS
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ADOPTED INCLUDED A RESOLUTION FOCUSED ON SUPPORT OF
ASEAN'S EFFORTS TO LOBBY AGAINST U.S. TAX LAWS
CONSIDERED DETRIMENTAL TO EXPANSION OF INVESTMENT, AND
OTHERS ON THE BINGHAM BILL ON TRADE WITH, AND TRAVEL TO,
INDOCHINA, A U.S. DEPART OF INTERNATIONAL TRADE AND
INVESTMENT, AND THE SYDNEY TRADE CENTER. APCAC ALSO
INTENDS TO REQUEST THE COMMERCE DEPART TO SCHEDULE

ITS REGIONAL COMMERCIAL OFFICERS CONFERENCE ANNUALLY, TIMED TO CONINCIDE WITH AN APCAC MEETING. END SUMMARY.

2. MORE THAN HALF OF THE APCAC MEETING WAS DEVOTED TO STRATEGY AND TACTICS TO RESTORE BENEFITS LOST UNDER 1976 TAX REFORM ACT'S SECTION 911 PROVISION AFFECTING TAXATION OF EARNED INCOME OF PRIVATE AMERICANS LIVING OVERSEAS. APCAC IN ESSENCE RESOLVED TO SEEK RESTORATION OF BENEFITS LOST IN 1976 TAX BILL, POSSIBLY WITH AN EXCLUSION TO ACCOUNT FOR INFLATION, TO SEEK ELIMINATION OF RETROACTIVITY AND TO MOUNT A MAJOR LOBBYING EFFORT TO BE PARTICULARLY CONCENTRATED IN THE FIRST WEEK OF MAY WHEN APCAC AND AMCHAM OFFICERS WILL DESCEND ON WASHINGTON.

3. IN THEIR "REPORT FROM WASH", RICHARD GARNITZ, OIM, COMMERCE AND ANTHONGY GEBER, EA/EP, STATE RECONFIRMED THEIR RESPECTIVE AGENCIES CONTINUED INTEREST IN EXPANDED AND INTENSIFIED ECONOMIC RELATIONS WITH THE REGION AND THE IMPORTANT ROLE PRIVATE AMERICAN BUSINESS IS TO PLAY IN PROMOTING TRADE AND INVESTMENT. IN DISCUSSION AND THROUGHOUT MUCH OF PROCEEDINGS, APCAC MEMBERS COMPLAINED THAT "WASHINGTON" DOES NOT SEEM TO APPRECIATE MULTINATIONALS' CONTRIBUTION TO U.S. EXPORTS, BALANCE OF PAYMENTS, JOB CREATION, ETC. MANY RECENT MEASURES AND OTHERS POTENTIALLY LOOMING HAVE ADVERSELY AFFECTED U.S. BUSINESS COMPETITIVENESS IN EA REGION ACCORDING TO APCAC. GARNITZ TOLD GROUP THAT THEIR PR EFFORTS IN THE U.S. HAVE BEEN POOR. APCAC SPOKESMEN LIMITED OFFICIAL USE

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AGREED EMPHASIZING MUCH GREATER ATTENTION MUST BE PAID TO CONVINCING THE AMERICAN LABOR MOVEMENT OF THE IMPORTANCE OF OVERSEAS INVESTMENT. GEBER WAS ASKED AND AGREED TO PROVIDE APCAC WITH STUDIES, PARTICULARLY THOSE PREPARED IN USDOC, WHICH HAVE ANALYZED MNCS IN FAVORABLE OR AT LEAST BALANCED WAY.

4. COCUSA REP, JOHN CALDWELL, GAVE PRESENTATION OF U.S. CHAMBER'S PROGRAM, LEGISLATIVE PRIORITIES, ETC. THERE WAS A GREAT DEAL OF GRUMBLING IN MEETING AND IN CORRIDOR TALKS ABOUT COCUSA BEING OVER-BUREAUCRATIC, BEING UNRESPONSIVE TO OVERSEAS AMCHAMS AND GENERALLY GIVING OVERSEAS BUSINESS LOWEST PRIORITY. APCAC FEELS THAT EVEN COCUSA INTERNATIONAL COMMITTEE DOES NOT ADDRESS ITSELF TO PROBLEMS CONFRONTING U.S. BUSINESSMEN OVERSEAS.

5. AFTER THE TWO REPORTS PRESENTED BY APCAC MEMBERS TO THE SINGAPORE COMMERCIAL OFFICERS CONFERENCE WERE READ,

LEW BURRIDGE, APCAC CHAIRMAN, STATED THAT HE THOUGHT APCAC'S PRESENCE AT THE COMMERCIAL OFFICERS MEETINGS WAS BENEFICIAL AS WAS OUR PRESENCE AT THIS MEETING. HE INTENDS TO REQUEST USDOC TO HOLD THESE MEETINGS ANNUALLY AND THAT THEIR TIMING COINCIDE WITH APCAC MEETINGS.

6. THE SAME FEELINGS OF INADEQUATE REPRESENTATION OF OVERSEAS BUSINESS INTERESTS IN THE HIGHEST GOVERNMENT COUNCILS KEEPS ALIVE APCAC INTERESTS IN THE CREATION OF A DEPARTMENT OF INTERNATIONAL ECONOMIC PLANNING OPERATIONS (RENAMED THE DEPARTMENT OF INTERNATIONAL TRADE AND INVESTMENT), NOW PARTICULARLY FUELED BY PRESIDENT'S REORGANIZATION PLANS AND ITC CHAIRMAN MINSHEW'S ADVOCACY OF A DEPART OF INTERNATIONAL TRADE. APCAC INTENDS TO LOBBY ON THIS ISSUE. AS MINIMUM THEY WOULD LIKE TO HAVE ONE SENIOR ECONOMIC ADVISOR IN A KEY USG POSITION REPRESENTING THE INTERESTS OF OVERSEAS BUSINESS.
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7. GEBER EXPLAINED IMPORTANCE THE PRESIDENT ATTACHES TO ENHANCEMENT OF HUMAN RIGHTS. WHILE PROBLEM COMPLEX AND WE ARE STILL CONSIDERING SPECIFICS, HUMAN RIGHTS WILL BE INTEGRAL ELEMENT OF OUR FOREIGN POLICY. HE ASKED THAT BUSINESS COMMUNITY ASSIST US IN EXPLAINING TO HOST COUNTRY CONTACTS -- WITH DUE TACT AND CIRCUMSPECTION -- IMPORTANCE WHICH PRESIDENT, CONGRESS AND AMERICAN BODY POLITIC AT LARGE ATTACH TO THIS ISSUE. REACTION WAS LARGELY SKEPTICAL.
WHITEHOUSE

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8. APCAC APPRECIATED GEBER'S EXTENSIVE REPORT ON ASEAN AND HIS STATUS REPORT ON PROGRESS TOWARD US-ASEAN ECONOMIC CONSULTATIONS, WHICH DISPELLED WIDELY HELD VIEW OF USG INDIFFERENCE AND LACK OF INITIATIVES TOWARD THIS GROUPING IN ALLEGED CONTRAST TO OTHER MAJOR TRADING COMPETITORS. WHILE WARNING AGAINST EXCESSIVE INITIAL EXPECTATIONS, GEBER STATED HE STRONGLY BELIEVES USG WILL WANT TO IMPRESS UPON ASEAN IMPORTANT ROLE PRIVATE SECTOR AND PRIVATE FOREIGN INVESTMENT SHOULD PLAY IN ASEAN ECONOMIC GROWTH AND COOPERATION. APCAC REQUESTED THAT BUSINESS COMMUNITY BE CONSULTED ON US-ASEAN CONSULTATION. APCAC ALSO PASSED RESOLUTION
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PARTICULARLY WELCOMING ASEAN SUPPORT AGAINST US TAX CHANGES DETRIMENTAL TO US BUSINESS OPERATIONS IN REGION.

9. OTHER APCAC RESOLUTIONS PASSED WERE:

--TRADE WITH THE INDOCHINA STATES (IN SUPPORT OF HR 3047, THE BINGHAM BILL, TO DEVELOP RELATIONS ON A RECIPROCAL BASIS, ALLOW A TRADE DIALOGUE TO BEGIN AND ENABLE US CITIZENS TO TRAVEL TO THE INDOCHINA STATES).

--VOTING RIGHTS FOR US OVERSEAS CITIZENS, (I.E. CONGRESSIONAL REPRESENTATION).

--THE BENEFITS OF US INVESTMENT ABROAD (SHOULD BE RECOGNIZED BY THE USG, LABOR AND AMERICAN PUBLIC).

--US TRADE CENTERS (SUPPORTING TRADE CENTERS IN GENERAL AND THE RETENTION OF THE ONE IN SYDNEY IN PARTICULAR).

--CONTINUATION OF US AIR CARRIER SERVICE TO NAHA
(IN FAVOR OF CONTINUING US FLIGHTS TO OKINAWA).

--PROTECTING US SHIPPING (OPPOSES DEPARTMENT OF
JUSTICE ATTEMPTS TO ELIMINATE THE CONFERENCE SYSTEM).

--TAX TREATIES, (URGES ESTABLISHMENT
BY OECD OF A "TAX TREATIES DISPUTES REVIEW PANEL"
TO SETTLE DISPUTES ARISING BETWEEN MEMBER NATIONS OVER
TAX TREATY QUESTIONS).

--US TREASURY DEPARTMENT (TO INVITE A TREASURY REP
TO FUTURE APCAC MEETINGS TO JOIN REPS OF STATE
AND COMMERCE, "WHO HAVE MADE SIGNIFICANT CONTRIBUTIONS
TO APCAC DELIBERATIONS").

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--POLITICAL ACTION COMMITTEE (TO FORM SUCH A COMMITTEE).

10. SECRETARY GENERAL OF THE BOARD OF INVESTMENT,
SOMPORN PUNYAGUPTA, DELIVERED THE FEBRUARY 26 LUNCHEON
ADDRESS ON BEHALF OF THE PRIME MINISTER WHO COULD NOT BE
PRESENT. HE SUMMARIZED THE VARIOUS STEPS THE RTG HAS
TAKEN IN THE PAST FEW MONTHS TO IMPROVE THE BUSINESS
AND INVESTMENT CLIMATE, INCLUDING THE SETTING UP OF A
ONE STOP INVESTMENT SERVICE CENTER AT THE BOARD OF
INVESTMENT, AND THE OFFERED ASSURANCES THAT THE NEW
LIBERALIZED INVESTMENT PROMOTION BILL WOULD SOON
BECOME LAW. HE CONCLUDED BY INVITING POTENTIAL FOREIGN
INVESTORS TO REASSESS THEIR "WAIT AND SEE" ATTITUDE
TOWARD INVESTMENT IN THAILAND.

11. THE BOARD OF DIRECTORS ADOPTED NEW PROCEDURES WITHIN
THE FRAMEWORK OF ITS CONSTITUTION WHICH REQUIRES
THE BOARD'S PRIOR APPROVAL FOR ISSUES TO BE PLACED ON
THE AGENDA, AND PROCEDURAL GUIDELINES ON HOW TO HANDLE
CONTENTIOUS ISSUES THAT MIGHT ARISE IN THE PLENARY
SESSIONS.

12. COMMENT: THIS TWO AND ONE HLF DAY MEETING WAS
PRIMARILY SPENT DISCUSSING 911 AND WHAT TO DO ABOUT IT.
ALTHOUGH THERE WAS A GENERAL CONSENSUS THAT CONCERTED
ACTION WAS NEEDED NOW, THERE WERE FUNDAMENTAL DIFFERENCES
OF OPINION AS TO WHAT SHOULD BE DONE AND HOW MUCH (OR
HOW LITTLE) MONEY SHOULD BE SPENT ON THIS EFFORT. THE
PLAN OF ACTION FINALLY AGREED UPON CALLS FOR A MASSIVE
LETTER WRITING AND LOBBYING CAMPAIGN OF THE CONGRESS
COUPLED WITH COCUSA DRAFTING A BILL TO BE INTRODUCED

BY SYMPATHETIC CONGRESSMEN. BECAUSE SO MUCH TIME WAS
SPENT ON 911, MOST OTHER SUBJECTS RECEIVED ALMOST
PERFUNCTORY ATTENTION. EVERYONE WAS DESIROUS OF
AVOIDING SUCH CONTENTIOUS ISSUES AS THE PRC-ROC
ISSUE BETWEEN THE TAIWAN AND HONG KONG CHAMBERS WHICH
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CAUSED SUCH DISSENTIAON RESULTING FROM THE APCAC
MEETING IN JAKARTA.
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Message Attributes

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Disposition Approved on Date:
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Disposition Date: 22 May 2009
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Review Release Event: n/a
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SAS ID: 3224048
Secure: OPEN
Status: NATIVE
Subject: APCAC COUNCIL MEETING, BANGKOK, FEB 26-28
TAGS: BEXP, TH
To: STATE
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/00b6d7be-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009